

THE IMPERIAL *Flo-glaze* PAINTS LTD.

Industrial Finishes

Flo-glaze Colorizer

2-20 Morse St.
TORONTO 8, CANADA

DEC 4 1959

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November 30th, 1959

TO THE SHAREHOLDERS:

The Directors have pleasure in presenting herewith the Annual Report of our Company, including the Balance Sheet, Earnings Statement and Earned Surplus for the year ended August 31st, 1959, as certified by the Company's Auditors.

During the year we retired the 10,722 issued Preference Shares, and it was gratifying to the Directors to find our Preference Shareholders had such a high regard for our Company in that all but two, holding 28 shares, converted their shares to Common Stock instead of having them redeemed.

We again had an increase in Sales, but not enough to take care of the additional operating expenses. We were faced with higher wage rates; increased Taxes, including Municipal, Provincial, and Federal; higher expenses because of establishing our own warehouse in Montreal; stiffer competition to obtain business particularly in the Industrial field, thus reducing our gross margin. All these factors helped reduce our Net Profit for the year. This, together with the increase in number of Common Shares issued, affected our earnings on shares of Common Stock, which this year amounted to \$3.10 per share.

We maintained regular quarterly Dividends, and after the retirement of our Preference Shares raised the Dividend on Common Shares from \$1.30 to \$1.50 per annum. Also as of December 1st, 1959, we are paying a bonus of 10¢ per share in addition to the regular quarterly dividend of 37½¢ per share.

Our Earned Surplus of \$1,999,362 and Working Capital of \$1,574,498 both show healthy increases over 1958.

It will be of interest to our Shareholders to know that because of our earnings and conservative policy over the years of taking full depreciation, as allowed by the Government, we have depreciation reserves set up of over \$1,500,000 which has been written off as expense, leaving only \$550,000 still as a net asset on our Statement. This means that there is less than 18% of Plant and 36% of Buildings still on our books to be written off as an expense under regular yearly Depreciation rates.

We believe the purchase of subsidiaries in British Columbia last year, and the beginning this year of a more intensive sales effort in Quebec are moves which eventually will be of very definite benefit to our Company. It is very difficult, however, to forecast what our results will be a year hence, nevertheless, we are confident we can maintain a high quality product, and that we can secure our fair share of available business.

Once again, on behalf of the Directors, I would like to express their appreciation of the continued loyal support and co-operation of the staff throughout the year.

G. C. McEWEN,
President.

THE IMPERIAL *Flow-glaze* PAINTS LTD.

(Incorporated under the Laws of the Province of Ontario)

BALANCE SHEET AUGUST 31, 1959

ASSETS		1959	1958
CURRENT ASSETS			
Cash.....		\$ 642	\$ 821
Accounts receivable—sales of our products which have not been paid for, less amount set aside to take care of any questionable accounts.....		754,689	718,759
Due from subsidiary companies on account of merchandise purchased and cash advances.....		99,869	76,259
Raw materials, partly manufactured goods, finished products and supplies on hand, valued at cost or market, whichever is the lower.....		1,262,844	1,244,312
Investments in other companies at less than the present market value.....		6,347	6,347
Life insurance on three directors with the company as beneficiary, at present cash surrender value.....		45,446	42,272
Prepaid expenses, civic taxes and insurance premiums.....		38,423	12,379
<i>Total Current Assets</i>		<u>\$2,208,260</u>	<u>\$2,101,149</u>
Investment in shares of subsidiary companies at cost.....		<u>\$ 96,587</u>	<u>\$ 96,587</u>
FIXED ASSETS			
Buildings, machinery and equipment—at depreciated value as at June 30, 1951 as certified to by Canadian Appraisal Co. Ltd. (\$1,351,743) plus subsequent additions at cost.....		\$2,108,452	\$2,062,581
<i>Less: Accumulated amount set aside on our books each year for depreciation of above fixed assets</i>		<u>1,541,588</u>	<u>1,484,414</u>
		\$ 566,864	\$ 578,167
Land owned—valued at cost.....		117,362	117,362
<i>Total Fixed Assets</i>		<u>\$ 684,226</u>	<u>\$ 695,529</u>
OTHER ASSETS			
Trade marks and rights.....		\$ 1	\$ 1
		<u>\$2,989,074</u>	<u>\$2,893,266</u>
LIABILITIES		1959	1958
CURRENT LIABILITIES			
Bank advances.....		\$ 196,185	\$ 53,521
Accounts payable—for raw materials bought and due for payment in September and other liabilities accrued to date.....		332,933	416,375
Estimated balance owing Federal and Provincial governments covering income taxes for the fiscal year ended August 31, and other taxes.....		80,212	113,231
Quarterly dividend payable to shareholders, September 1.....		24,432	22,094
<i>Total Current Liabilities</i>		<u>\$ 633,762</u>	<u>\$ 605,221</u>
CAPITAL AND SURPLUS			
<i>Capital Stock</i>			
Preference shares (no par value) \$1.50 cumulative, participating, convertible, redeemable at \$30. Authorized—9,278 shares (1958—20,000 shares)			
Issued and fully paid—			
1958 outstanding.....	10,722 shares.....		\$ 268,050
1959 redeemed.....	28 shares		
purchased and cancelled.....	1,150 shares		
converted into 9,544 common shares..	9,544 shares		
1959 outstanding.....	<u>Nil</u>		
Common shares (no par value) Authorized—69,544 shares (1958—60,000 shares)			
Issued and fully paid—			
1958 outstanding.....	55,610 shares.....		117,350
1959 issued on conversion of 9,544 preference shares.....	9,544 shares		
1959 outstanding.....	<u>65,154</u>	\$ 355,950	
		\$ 355,950	\$ 385,400
Earned surplus—accumulated balance of earnings left in business to provide additional working capital.....		<u>1,999,362</u>	<u>1,902,645</u>
		<u>\$2,355,312</u>	<u>\$2,288,045</u>
		<u>\$2,989,074</u>	<u>\$2,893,266</u>

Approved on behalf of the Board:

G. C. McEWEN, Director

S. E. CLARK, Director

In accordance with Section 89 of the Corporations Act (Ontario) the accounts of the subsidiary companies (not wholly owned) have not been included in the foregoing balance sheet and the company's proportion of the aggregate profits amounting to \$2,217 have not been included in the income for the year.

THE IMPERIAL *Flo-glaze* PAINTS LTD.

EARNINGS STATEMENT

	<i>Years ended August 31</i>	
	<i>1959</i>	<i>1958</i>
Earnings after providing for all selling and administration expenses, but before providing for the following items.....	\$ 474,235	\$ 547,551
Income from investments.....	787	786
	<u>\$ 475,022</u>	<u>\$ 548,337</u>
<i>Deduct:</i>		
Provision for depreciation (on cost values).....	\$ 77,334	\$ 79,887
Provision for income taxes.....	195,000	222,000
Directors' fees.....	875	625
	<u>\$ 273,209</u>	<u>\$ 302,512</u>
Net earnings transferred to Earned Surplus.....	<u>\$ 201,813</u>	<u>\$ 245,825</u>

EARNED SURPLUS

Surplus at beginning of year.....	\$1,902,645	\$1,750,757
Net earnings for year as above.....	201,813	245,825
	<u>\$2,104,458</u>	<u>\$1,996,582</u>
<i>Deduct:</i>		
Dividends:		
Preference—37½c. per share.....	\$ 3,597	\$ 16,083
Common —\$1.55 per share.....	96,932	77,854
	<u>\$ 100,529</u>	<u>\$ 93,937</u>
Premium on preference shares		
Redeemed..... 28 shares.....	140	
Purchased for cancellation.. 1,150 shares.....	4,427	
	<u>\$ 105,096</u>	<u>\$ 93,937</u>
Surplus at end of year.....	<u>\$1,999,362</u>	<u>\$1,902,645</u>

AUDITORS' REPORT

To the Shareholders,

The Imperial Flo-glaze Paints Limited,

We have examined the balance sheet of The Imperial Flo-glaze Paints Limited as at August 31, 1959 and the related statements of earnings and earned surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and related statements of earnings and earned surplus present fairly the financial position of the company as at August 31, 1959 and the results of its operations for the year ended on that date according to the best of our information and explanations given to us.

Toronto, Ontario, November 12, 1959.

"WILLIAMSON, SHIACH, SALES, GIBSON & MIDDLETON"
Chartered Accountants.

THE IMPERIAL *Auto-glaze* PAINTS LTD.

ANNUAL REPORT

for the

Year Ended August 31st, 1959

DIRECTORS

G. C. McEWEN.....*President*
A. J. BODIE...*Vice-President and General Manager*
F. S. GRUNDY.....*Vice-President in charge of
Research and Sales*
S. E. CLARK.....*Secretary-Treasurer*
H. FRY.....*Director*

STOCK TRANSFER AGENTS
NATIONAL TRUST COMPANY LIMITED

BANKERS
CANADIAN BANK OF COMMERCE
Toronto

THE IMPERIAL *flo-glaze* PAINTS LTD.
TORONTO 8, CANADA

G. C. McEWEN
PRESIDENT

